

REMARKS

The present application includes claims 1-34. Claims 4-12 and 17-34 have been elected with traverse. Claims 4-12 and 17-34 were rejected. It is respectfully submitted that the pending claims define allowable subject matter.

Claims 11, 12, and 26-34 were rejected under 35 U.S.C. § 101 as being directed to non-statutory subject matter. Claims 9-10 and 22-25 were rejected under 35 U.S.C. § 112 as being indefinite for failing to particularly point out and distinctly claim the subject matter which the Applicant regards as the invention. Claims 4, 11, 18, 26-27, and 29 were rejected under 35 U.S.C. § 102(e) as being anticipated by U.S. Pat. No. 6,643,625 to Acosta. Claims 5 and 8 were rejected under 35 U.S.C. § 103(a) as being unpatentable over Acosta as applied to claim 4. Claims 7, 17, 19, and 20 were rejected under 35 U.S.C. § 103(a) as being unpatentable over Acosta as applied to claim 4 and further in view of U.S. Pat. No. 6,529,876 to Dart. Claims 9-10, 12, 22-25, and 31-34 were rejected under 35 U.S.C. § 103(a) as being unpatentable over Acosta in view of Dart. Claims 21, 28, and 30 were rejected under 35 U.S.C. § 103(a) as being unpatentable over Acosta as applied to claims 4, 11, and 12, and further in view of Forman. The Applicant respectfully traverses the outstanding rejections for reasons set forth hereafter.

35 U.S.C. § 101 Rejections

The Applicant now turns to the rejection of claims 11, 12, and 26-34 under 35 U.S.C. § 101. The Examiner submits that the inventions defined by claims 11, 12, and 26-34 are directed to non-statutory subject matter because the inventions of the claims do not “provide a transformation or reduction of an article to a different state or thing” nor “provide a practical application that produces a final result that is useful or tangible.” January 5, 2006 Office Action at p. 3.

Turning first to the rejection based on a lack of a useful or tangible result, the Applicant is confused by the Examiner's rejection of these claims based on this ground in light of the fact that the Examiner previously acknowledged that the inventions of claims 11 and 12 (and their dependent claims 26-30 and 31-34, respectively) do indeed produce useful, concrete and tangible results.¹ *See* July 29, 2005 Office Action at p. 5. As the Examiner observed, the inventions of claims 4-12 and 22-34 "collect[] errors (i.e., repeatable) used for an audit (i.e., useful and tangible)." *Id.* The Applicant respectfully submits that the Examiner's analysis from the July 29, 2005 Office Action was correct.

The Examiner argues that claims 11 and 12 do not produce a useful and tangible final result because the "components of the system do not appear to be interrelated elements which combine to form a system that provides a final result" and the result "is not specific or substantial and the result is not tangible because the system does not provide a real-world result." January 5, 2006 Office Action at p. 3. However, as the Examiner acknowledged in the July 29, 2005 Office Action, the inventions of claims 11 and 12 do indeed produce a specific and tangible real world result.

¹ The Examiner stated the following in the July 29, 2005 Office Action:

Additionally, for a claimed invention to be statutory, the claimed invention must produce a useful, concrete, and tangible result. In the present case, the claimed invention collects errors (i.e., repeatable) used for an audit (i.e., useful and tangible).

Although the recited process produces a useful, concrete, and tangible result, since the claimed invention as a whole, is not within the technological arts as explained above, claim 9 is deemed to be directed to non-statutory subject matter.

Similar analysis can be applied to claims 4-8, 10-12 and 22-34.

July 29, 2005 Office Action at p. 5 (emphasis added).

Claim 11 recites “a system for an audit of a business” wherein auditing charts are created from a specification code for a function of a business and the auditing charts are tested in a pilot area of a facility of the business and errors from use of the auditing chart are then stored in a database where the error can later be mined as part of performing the audit of the business.

The claimed components of this system are all interrelated to produce the very tangible and useful result of testing an audit chart in a pilot area and storing and mining errors from the testing of the audit chart as part of an overall audit of a business. By testing an audit chart in a pilot area, a business is able to evaluate what aspects of its operation need to be changed on a smaller scale and make corrections and changes to the operation before moving the audit to another area of the business. As described in the specification and shown in Fig. 2, the results of a test audit on a pilot area allow a business to modify the procedures of the facility contemporaneously:

The managers 212 may then rewrite, test, implement and manage new procedures for those activities as shown at step 504. The procedure used during the audit that detects the financial errors for the facility may continually be updated as the auditors 204 continue to note activities that financially impact the healthcare facility as shown at step 508 and update prospective auditing materials as shown at step 510. The managers 212 may track the procedures used and errors detected on a day-to-day basis as shown at step 506 and report such information in the management reports. The managers 212 may continue the on-site modification as shown at step 500 by redefining specifications as shown at step 512 and then repeating the on-site modification as shown at step 500.

Specification at pp. 17-18. Thus, by reciting a system that produces a test audit of a pilot area and mine-able errors, the invention of claim 11 produces a specific, substantial, and real-world result that can be used as part of a general audit to correct errors and modify procedures.

Claim 12 recites a “system for virtual case management of a business” wherein a continuous audit is performed of a process in a business facility to identify errors in the process,

the errors from the audit are mined from a database, and a flowchart associated with the mined errors is used to create a case management to manage the business services. The claimed components of this system are all interrelated to produce the very tangible and useful result of a flow chart and a case management tool that are used to manage the business based on errors found in the business facility during the continuous audit. As described in the specification and shown in Fig. 5, the results of the flow chart used to create a case management tool that allows a business to process data for different fields in the facility and redefine specification codes for each field:

The VCM method 700 may begin by collecting error transaction data during defining specifications as shown at step 310 of Figure 3 and as described above. Data mining of clinical/medical, financial and department errors may be provided as shown at step 702 in the fields of payor 704, patient 706, hospital 708, physician 710, allied-health 712, non-traditional 714, and other 716. The data mining that may occur from the specification process feeds into flowcharts for each field as shown at step 718. The flowcharts may create an automated case management tool as shown at step 720. The next step is to process data on self-management of current and future health products and services with reimbursement schedules for each field as shown at step 722. This information may then be used to redefine specifications as shown at step 724.

Specification at pp. 24-25. Thus, by reciting a system that provides for a flow chart used to create a case management tool to manage a business, claim 12 produces a specific, substantial, and real-world result that can be used as part of a system of virtual case management of a business.

Because the inventions claims 11 and 12, and claims 26-30 and 31-34 which depend from claims 11 and 12, respectively, produce useful and tangible results, the Applicant respectfully submits that claims 11, 12, and 26-34 satisfy 35 U.S.C. § 101.

The Examiner also asserts that the inventions of claims 11 and 12 do not qualify as patentable subject matter because the inventions of claims 11 and 12 fail to transform an article to a different state or thing. Specifically, the Examiner asserts that “there does not appear to be any transformation of data performed by the system” of either claim 11 or claim 12. January 5, 2006 Office Action at 3. In light of the decision *Ex Parte Lundgren*, it would appear there is no authority for utilizing a “transformation” test to determine patentability under § 101; rather the only test for patentability under § 101 is whether the claimed invention produces a useful, concrete, tangible, result. See *Ex parte Lundgren*, Appeal No. 2003-2088, 2005 Pat. App. LEXIS 34, at *6 (B.P.A.I. Sep. 28, 2005) (“Since the Federal Circuit has held that a process claim that applies a mathematical algorithm to ‘produce a useful, concrete, tangible result without pre-empting other uses of the mathematical principle, on its face comfortably falls within the scope of § 101,’ . . . one would think there would be no more issues to be resolved under 35 U.S.C. § 101.”).

However, even assuming the “transformation” test is appropriate for determining whether an invention is patentable under § 101, claims 11, 12, and 26-34 are still patentable under such a test. As discussed above, in claim 11, a specification code is transformed for use in an auditing chart and errors from an audit are transformed by being stored and mined in a database. Similarly, in claim 12, errors from a continuous audit are transformed by being stored and mined in a database, and the errors mined from the database are transformed to create a flowchart and a case management tool. Therefore, the inventions of claims 11 and 12 both transform data to a different state or thing.

Because claims 11 and 12, and claims 26-30 and 31-34 which depend from claims 11 and 12, respectively, transform data to a different state or thing, the Applicant respectfully submits that claims 11, 12, and 26-34 satisfy 35 U.S.C. § 101.

35 U.S.C. § 112 Rejections

Claims 9-10 and 22-25 were rejected under 35 U.S.C. § 112 as being indefinite for failing to particularly point out and distinctly claim the subject matter which applicant regards as the invention. The Applicant respectfully submits that these claims satisfy 35 U.S.C. § 112.

The Examiner first asserts that it is unclear whether the phrase “including different fields” refers to fields of a database or of a business or process. The Applicant respectfully submits that this language is referring to different fields of a process because the phrase “including different fields” directly follows the term “a process” and because claim 9 also recites “flowcharts for the fields of the process,” with the use of the article “the” demonstrating the antecedent nature of the phrase “a process including different fields.” The Applicant also stated in the October 28, 2005 Amendment that claim 9 recited flowcharts for fields of the process. See October 28, 2005 Amendment at p. 11. Therefore, the Applicant respectfully submits that the phrase “a process including different fields” is not indefinite or unclear.

The Examiner also asserts that it is unclear how errors are used to create flowcharts as recited in claim 9. The Applicant respectfully submits a person of skill in the art would understand how to use errors from data mining to create flowcharts for the fields of the process as recited in claim 9. The specification discloses the following regarding using errors to create a flowchart for a field of a process:

[E]rrors may be coded and may be categorized by persons other than patient care providers. Further, the present invention provides a method for identifying, qualifying, quantifying, coding, categorizing, prediction and/or mitigation of errors on a concurrent basis through point of service audits.

Specification at pp. 3-4.

Data mining of clinical/medical, financial and department errors may be provided as shown at step 702 in the fields of payor 704, patient 706, hospital 708, physician 710, allied-health 712, non-traditional 714, and other 716. **The data mining that may occur from the specification process feeds into flowcharts for each field as shown at step 718.**

Specification at p. 24 (emphasis added).

A flow chart is a “diagram that shows step-by-step progression through a procedure or system esp. using connecting lines and a set of conventional symbols.” *See* Ex. A, Merriam-Webster’s Collegiate Dictionary, 10th Ed., 2001, at 447. A person of skill in the art would understand from claim 9 how errors are used to create a flowchart for a particular field of a process. That is, a person of skill in the art would understand that the errors may be identified, quantified, coded, and/or categorized and then incorporated as part of a step-by-step progression on a flow chart related to the management of that particular field of a process. For example, errors related to the field of the payment in the operation of a healthcare facility would be incorporated into the series of steps in a flow chart related to managing the payment field. Therefore, the Applicant respectfully submits that claim 9 is not unclear as to how errors are used to create a flow chart.

The Examiner also asserts that the limitation of “creating a case management tool for auditing errors in the process from the flowchart” should be interpreted to mean that the case management tool is a form of flowchart. The Applicant respectfully submits that the invention

of claim 9 includes a case management tool that is distinct from the flowcharts. Claim 9 clearly recites two separate and distinct steps of creating flowcharts and creating a case management tool from the flowcharts. Therefore, the flowcharts and the case management tool are distinct and different features.

Furthermore, the flowcharts and case management tool are used differently. Claim 9 recites that the case management tool is for auditing errors in the process of a business. As discussed above, the flowcharts are each related to management of a particular field of the process, not to auditing errors in the process of a business as a whole. All of the flowcharts related to the different fields of the process (and incorporating errors related to each of the fields of the process) are used to create the case management tool, which is used to audit errors in the entire process of the business. The case management tool is not limited to being a flowchart or any other single implement, rather it is up to the individual incorporating the method of claim 9 to best determine the format of the case management tool created from the flowcharts for each field. For example, as stated in the specification, the case management tool may be “automated,” so the case management tool may be a computer program. *See* Specification at p. 24, line 28. Therefore, the Applicant respectfully submits that the case management tool recited in claim 9 is distinct from the flowcharts recited in claim 9.

Finally, the Examiner asserts that the limitation of “mitigating the errors in the process by using the case management tool to manage and direct resources for the process to avoid or limit new errors in the process” is unclear as to how the case management tools is able to manage and direct resources. The Applicant respectfully submits that this limitation is clear when viewed in

the context of the entire claim 9. As discussed above, the case management tool is created from flowcharts that each relate to a particular field of a process and that each include information related to errors found in the particular field during an audit. Thus, the case management tool is, in part, a collection of errors found in each field of the entire process. A person of skill in the art would know how to use this information in the case management tool related to previous errors found in the process to manage and direct resources for the process to avoid or limit new errors in the process and thus mitigate errors in the process. Again, as part of the claimed method for virtual case management of a business of claim 9, there is no one single way to create or use the case management tool. For example, an automated case management tool such as a computer program could be used to inform the operator about known previous errors in the process of the business such that the operator could use this information to manage or direct resources within the process to avoid future errors. However, the case management tool of claim 9 may be used in other forms and in other ways to mitigate future errors depending on the resources and capability of a particular business. Therefore, the Applicant respectfully submits that limitation of “mitigating the errors” as recited in claim 9 is clear.

Applicant respectfully submits that claim 9, and claims 10 and 22-25 which depend from claim 9, satisfy the “particularly pointing out and distinctly claiming” requirements of 35 U.S.C. § 112.

35 U.S.C. § 102 Rejections

The Applicant now turns to the rejection of claims 4, 11, 18, 26-27, and 29 under 35 U.S.C. § 102(e) as being anticipated by Acosta. This rejection is respectfully traversed. Acosta

relates to a computer-assisted method of auditing loan portfolios and loan servicing portfolios, wherein the loans are of a plurality of types, by keying questions which determine compliance with a large, complex, and constantly changing set of legal requirements to a set of selectable audit types. When an audit type is selected, the system uses sampling methods to select a set of loans of that type to audit and generates a checklist comprising a set of questions keyed to the particular type of audit. Acosta at Abstract.

The Applicant respectfully submits that Acosta does not teach, nor suggest, all the limitations of, and therefore does not anticipate, claims 4, 11, 18, 26-27, and 29.

The Applicant now turns to the rejection of claim 4. First, Acosta does not teach, nor suggest “conducting a general audit of the business” as recited in claim 4. Rather, Acosta discloses auditing loan records. *See* Acosta at 4:7-6:20. Providing loans is a single operation of a business, and performing an audit on loan records alone is not conducting a general audit of the entire business. Thus, Acosta does not teach, nor suggest conducting a general audit of the business and does not anticipate claim 4.

Second, Acosta does not teach nor suggest “establishing a specification code for each function of the business” as recited in claim 4. An example of establishing a specification code for each function is discussed in the specification:

The managers 210 may define initial specifications 310 by assigning a code to each facility area and department of the healthcare facility as shown as step 309. For example, in a hospital setting, the pharmacy department may be assigned a department code 2, and the outpatient department may be assigned a department code 5. For a sample list of codes that may be assigned to facility areas and departments in a hospital setting as shown at step 309, see Appendix B.

Specification at p. 19, see also Fig. 3 and Appendix B. However, Acosta only discloses audit types which include questions related to loans. Acosta at 4:7-60. Each audit type is used periodically and over different periods of times with more than one loan of a loan type. Acosta at Abstract, 4:7-60. Each audit type is not a code, but a series of questions related to a type of loan. Also, the audit types are not unique codes that are each established for each individual and different function of the business, but rather each audit type is repeatedly used over and over to evaluate multiple loans that fall within a category of loans. Thus, Acosta does not teach, nor suggest establishing a specification code for each function of the business and does not anticipate claim 4.

Third, Acosta does not teach, nor suggest, “using the specification code to create an auditing chart” as recited in claim 4. An example of using the specification code to create an auditing chart is discussed in the specification:

After the departments, areas, items, and type of errors have been coded, the managers 212 may develop specific formulas as shown at step 326 for the auditing charts as shown at step 308. Each unique area of the healthcare facility may have its own auditing chart. . . . For example, Figure 4 illustrates a chart 600 for the areas of surgery and for out patient surgery. The codes for the specific area 602 are shown in the upper right hand corner. . . . An area is further provided where the auditor 204 may circle the code for the appropriate department 614.

Specification at p. 20-21, *see also* Fig. 4. As discussed above, Acosta does not teach nor suggest establishing specification codes for each function of a business, rather Acosta discloses audit types containing lists of questions related to loans. The audit types are used to create checklists for asking questions about particular types of loans. *See* Acosta at 4:11-60. The checklists do

not incorporate codes for each function of the business, and thus Acosta does not teach, nor suggest, using codes related to specific functions of the business to create an auditing chart.

Fourth, Acosta does not teach, nor suggest, “choosing a pilot area associated with the area in which the significant error occurs to test the auditing chart” as recited in claim 4. Rather, Acosta discloses “selecting an audit sample subset of loan records” and storing exceptions from the audit. *See* Acosta at 10:34-47. The selection of the audit sample subset of loan records is based on a selection of audit types, *i.e.*, a list of questions, and sampling criteria; it is not chosen because it is associated with an area in which significant errors occur. *Id.* In fact, Acosta discloses that the errors, or exceptions, are found after an audit has been performed on the sample subset of loan records. *Id.* at 10:43-45. Therefore, Acosta does not teach, nor suggest choosing a pilot area associated with the area in which the significant error occurs and thus does not anticipate claim 4.

Fifth, Acosta does not teach, nor suggest, “auditing the pilot area with the auditing chart at the location of the transaction” or “collecting information during the auditing of the pilot area” as recited in claim 4. Acosta only discloses auditing a sample subset of loan records with a checklist and storing the answers to checklist questions in a database. *See* Acosta at 10:34-45. However, the invention of claim 4 includes conducting a general audit and then auditing a pilot area where a significant error was already found during the general audit. Acosta simply does not disclose auditing a pilot area associated with the area where a significant error was found in a previous general audit or collecting information during the auditing of such a pilot area.

Therefore, Acosta does not teach, nor suggest, auditing the pilot area with the auditing chart or collecting information during the auditing of the pilot area and thus does not anticipate claim 4.

Sixth, Acosta does not teach, nor suggest, “modifying the auditing of the business on-site based on the information collected in the pilot area” as recited in claim 4. Acosta discloses “editing” the checklists, *i.e.*, lists of questions, on a database. *See* Acosta at 5:30-50. However, Acosta does not teach, nor suggest, that the “editing” is based on information collected in a pilot area. In fact, Acosta does not teach or disclose any basis for editing the checklists other than that such editing is an option. The Examiner asserts that Acosta discloses editing the auditing based on information collected on the subset of loans; however, Applicant respectfully submits that Acosta does not at any point teach that the editing is based on information collected on the subset of loans, rather Acosta simply states that “[e]diting’ is allowed for existing checkpoints.” *See* Acosta at 5:43-44. Therefore, Acosta does teach, nor suggest, modifying the auditing of the business on-site based on the information collected in the pilot area and thus does not anticipate claim 4.

Seventh, Acosta does not teach, nor suggest, “updating the specification code” as recited in claim 4. Again, Acosta discloses editing checklists for auditing loans, however, neither the audit types, nor the audit checklists, are specification codes for each function of the business as discussed above. Rather the audit types and audit checklists are lists of questions that are used over and over on loans that fall within a loan category. Therefore, because Acosta does not teach or suggest creating a specification code for each function of a business, Acosta cannot teach, nor suggest, updating the specification code and thus cannot anticipate claim 4.

Finally, Acosta does not teach, nor suggest, “auditing the pilot area with the updated specification code and the auditing chart” as recited in claim 4. Again, as discussed above, Acosta only discloses auditing a sample subset of loan records with a checklist and storing the answers to checklist questions in a database. *See* Acosta at 10:34-45. Acosta does not disclose choosing and auditing a pilot area associated with the area in which errors occurred during a previous general audit, nor does Acosta disclose establishing, updating, or using specification codes as part of the auditing process. Furthermore, it should be noted that the invention of claim 4 includes conducting a general audit and then auditing a pilot area where a significant error was already found during the general audit and then auditing the pilot area again with an updated specification code and auditing chart. However, Acosta only discloses one audit performed on a sample subset of loan records and does not teach, nor suggest, multiple audits wherein information from each audit is used to further refine the auditing chart and audit process as recited in claim 4. Therefore, Acosta does not disclose the benefits of a contemporaneous and continuously ongoing and updating auditing method as recited in claim 4. Thus, Acosta does not teach, nor suggest, auditing the pilot area with the updated specification code and auditing chart and does not anticipate claim 4.

For at least all the reasons discussed above, the Applicant respectfully submits that Acosta does not anticipate claim 4, or claim 18 which depends from claim 4, and that claims 4 and 18 are in condition for allowance.

The Applicant now turns to the rejection of claim 11. First, Acosta does not teach, nor suggest, “a function [of the business] being assigned a specification code” as recited in claim 11.

As discussed above, Acosta discloses audit types which include questions related to loans. Acosta at Abstract, 4:7-60. Each audit type is used periodically and over different periods of times with more than one loan of a loan type. *Id.* As discussed above, the audit types are not codes, but a series of questions for auditing particular categories of loans. Also, the audit types are not unique codes that are each established for each individual and different function of the business, but rather each audit type is repeatedly used to evaluate many loans that fall within a category of loans. Thus, Acosta does not teach, nor suggest assigning a specification code to a function and thus does not anticipate claim 11.

Second, Acosta does not teach, nor suggest, “an auditing chart created with the specification code” as recited in claim 11. As discussed above, Acosta does not teach nor suggest establishing specification codes, rather Acosta discloses using audit types containing lists of questions to create checklists. The audit types simply are not codes for functions of a business, rather they are lists of questions related to categories of loans. Furthermore, the auditor checklist does not incorporate a specification code for the function of the business, rather the checklist is simply a list of questions regarding a loan. See Acosta at 6:20-8:50. Therefore, Acosta cannot teach nor suggest creating an auditing chart from the specification code when Acosta does not in fact teach or suggest a specification code in the first place.

Finally, Acosta does not teach, nor suggest, “a pilot area of the facility of the business to test the auditing chart” as recited in claim 11. Claim 11 is a system claim and the pilot area as recited in claim 11 is a physical area, *i.e.*, a structural element, where a function of the business in the claimed facility occurs and where the auditing chart is tested. See October 28, 2005

Amendment at p. 11. An example of testing an auditing chart in a physical pilot area is discussed in the specification:

The managers 212 may then select a pilot area as shown at step 400 within the healthcare facility in which to test the auditing charts. The auditors 204 may then begin an audit of the pilot area as shown at step 400 by auditing clinical/medical records at the patient bedside on a day-to-day basis. The auditors 204 may evaluate all functions in the pilot area that impact revenue, including functions that are not typically documented in any record.

Specification at p. 17 (emphasis added). However, Acosta discloses “selecting an audit sample subset of loan records” and storing exceptions from the audit. *See* Acosta at 10:34-47. The selection of the audit sample subset is simply a collection of data and is not a physical area in the facility of a business. Therefore, Acosta does not teach, nor suggest a pilot area of the facility of the business to test the auditing chart and thus does not anticipate claim 11.

Furthermore, with respect to claim 26, Acosta does not teach, nor suggest, “an updated specification code is assigned to the function performed within the facility of the business.” Again as discussed above, Acosta discloses audit types listing questions for loans and does not teach, nor suggest, creating a specification code for a function of the business, let alone updating a specification code for a function of the business.

Therefore, for at least all the reasons discussed above, the Applicant respectfully submits that Acosta does not anticipate claim 11, or claims 26, 27, and 29 which depend from claim 11, and thus claims 11, 26, 27, and 29 are in condition for allowance.

35 U.S.C. § 103 Rejections

The Applicant now turns to the rejection of claims 5 and 8 under 35 U.S.C. § 103(a) as being unpatentable over Acosta as applied to claim 4. This rejection is respectfully traversed.

First, for the numerous reasons discussed above, Acosta does not anticipate claim 4 and therefore claims 5 and 8 are not obvious over Acosta as applied to claim 4.

Furthermore, with respect to claim 5, Acosta does not teach, nor suggest “auditing on a day-to-day basis.”² The Examiner asserts that “Acosta discloses auditing periodically” and that “periodically auditing a business would include auditing said business on a day-to-day business” with the “motivation being to ensure the business is meeting regulations.” January 5, 2006 Office Action at 9. In order to establish a *prima facie* case of obviousness, the Manual of Patent Examining Procedure (MPEP) states the following:

First, there must be some suggestion or motivation, either in the references themselves or in the knowledge generally available to one of ordinary skill in the art, to modify the reference or combine the teaching. Second, there must be a reasonable expectation of success. Finally, the prior art reference (or references when combined) must teach or suggest all the claim limitations. The teaching or suggestion to make the claimed combination and the reasonable expectation of success must both be found in the prior art, and not based on applicant’s disclosure.³

However, the “motivation” cited by the Examiner to audit on a day-to-day basis is in no way tied to a need for daily auditing. The Examiner provides no reason or explanation as to why an audit on a day-to-day basis is necessary or even desirable to “ensure the business is meeting regulations.” January 5, 2006 Office Action at p. 9. Therefore, the first prong of a *prima facie*

² In the January 5, 2006 Office Action, the Examiner does not provide any grounds for rejecting claim 6, which depends from claim 4 and recites “entering data on a day-to-day basis.” To the extent that the Examiner cannot provide grounds for rejecting claim 6, the Applicant respectfully submits that claim 6 is in condition for allowance. However, if the Examiner’s failure to provide grounds for rejecting claim 6 was inadvertent, Applicant submits that claim 6 is allowable over Acosta because Acosta does not anywhere teach or suggest entering data on a day-to-day basis. Furthermore, the Applicant submits that entering data on a day-to-day basis would not be obvious over Acosta for reasons similar to those provided regarding claim 5.

³ Manual of Patent Examining Procedure MPEP at § 2142, citing *In re Vaeck*, 947 F.2d 488, 20 USPQ2d 1438 (Fed. Cir. 1991).

case of obviousness, *i.e.*, motivation to modify, has not been met. With respect to the second prong, the Examiner has provided no showing of a reasonable expectation of success. In other words, there is simply no reason to expect that the auditing system of Acosta could be successfully performed on a day-to-day basis. For this very reason, Acosta discloses the audits being performed “periodically,” and not on a day-to-day basis. Finally, with respect to the third prong, Acosta does not anywhere teach either explicitly or implicitly that “periodic” auditing includes auditing on a day-to-day basis. Therefore, this unsupported statement of obviousness by the Examiner amounts to no more than a conclusory statement of convenient assumptions about one of ordinary skill in the art, which is a factual question that cannot be resolved on “subjective belief and unknown authority.” *See In re Lee*, 277 F.3d 1338, 1344 (Fed. Cir. 2002). The Applicant thus respectfully submits that Acosta does not render claim 5 obvious and that claim 5 is in condition for allowance.

The Applicant now turns to the rejections of claims 7, 17, 19, and 20 under 35 U.S.C. § 103(a) as being unpatentable over Acosta as applied to claim 4 and further in view of Dart. Dart relates to a method and computer program for use by health care providers to produce accurate billing coding for rendered care. Specifically, Dart relates to a computer program that performs an audit of coding prior to billing. Dart Abstract. These rejections are respectfully traversed.

First, for the numerous reasons discussed above, Acosta does not disclose all the limitations of claim 4 and thus does not anticipate claim 4. Likewise, Dart does not teach or suggest these same limitations of claim 4. Thus, the combination of Acosta and Dart does not teach, nor suggest all the limitations of claim 4, and claims 7, and 17, 19, and 20, which depend

from claim 4, are not obvious over Acosta in view of Dart.

Furthermore, with respect to claim 7, neither Acosta nor Dart teaches or suggests “auditing activities that are not documented” and therefore claim 7 is not obvious over Acosta in view of Dart. The Examiner acknowledges that neither reference teaches auditing activities that are not documented. However, the Examiner asserts that such a limitation is obvious because “it is well known in the healthcare industry to audit activities that are not necessarily written down.” January 5, 2006 Office Action at p. 10. This statement could be interpreted as the Examiner asserting Official Notice of the subject of the statement. If the Examiner is asserting Official Notice that auditing activities that are not necessarily written down is common knowledge, the Applicant respectfully traverses the Examiner’s assertions as further set forth below. Alternatively, if the Examiner’s assertions are based on the personal knowledge of the Examiner, then under MPEP § 2144.03(C) and 37 C.F.R. § 1.104(d)(2), the Examiner’s assertions must be supported by an affidavit from the Examiner.

According to MPEP § 2144.03(A), Official Notice, without supporting references, should only be asserted when the subjects asserted to be common knowledge are “capable of instant and unquestionable demonstration as being well-known.” That is, the subjects asserted must be of “notorious character” under MPEP § 2144.03(A). However, the Applicant respectfully submits that the subject matter of the Examiner’s assertion of Official Notice is not well-known in the art as evidenced by the searched and cited prior art. The Applicant respectfully submits that the Examiner has performed “a thorough search of the prior art,” as part of the Examiner’s obligation in examining the present application under MPEP § 904.02. Additionally, the

Applicant respectfully submits that the Examiner's searched and cited references found during the Examiner's thorough and detailed search of the prior art are indicative of the knowledge commonly held in the art. However, in the Examiner's search of the relevant prior art, none of the prior art taught or suggested the subject matter of the Examiner's assertion of Official Notice. The Applicant respectfully submits that if the subject matter of the Examiner's assertion of Official Notice had been of "notorious character" and "capable of instant and unquestionable demonstration as being well-known" under MPEP § 2144.03(A), then the subject matter would have appeared to the Examiner during the Examiner's thorough and detailed search of the prior art.

Consequently, the Applicant respectfully submits that the prior art does not teach auditing activities that are not necessarily written down and respectfully traverses the Examiner's assertion of Official Notice. Therefore, the combination of Acosta and Dart does not teach nor suggest all the limitations of claim 7, and the Applicant respectfully submits that claim 7 is in condition for allowance.

Furthermore, in order to establish a *prima facie* case of obviousness, there must be some suggestion or motivation, either in the references themselves or in the knowledge generally available to one of ordinary skill in the art, to modify the reference or combine the teachings and there must be a reasonable expectation of success. The law is well settled that "obviousness cannot be established by combining the teachings of the prior art to produce the claimed invention, absent some teaching or suggestion or incentive to do so."⁴ It is not permissible to

⁴ *ACS Hospital Systems, Inc. v. Montfiore Hospital*, 732 F.2d 1572, 1577, 221 USPQ 929 (Fed. Cir. 1984).

pick and choose among the individual elements of assorted prior art references to re-create the claimed invention, but rather “some teaching or suggestion in the references to support their use in the particular claimed combination” is needed.⁵

The Applicant respectfully submits that there is no such motivation or suggestion to combine Acosta with Dart to arrive at the inventions of claim 7. Acosta is related to a computer assisted method of auditing loan portfolios while Dart is related to the arcane subject matter of using a computer to audit Evaluation and Management CPT coding for healthcare prior to billing. There is simply no motivation in either reference to combine a loan auditing system with an E & M healthcare code auditing system to arrive at the inventions of claim 7. The motivation provided by the Examiner, *i.e.*, “ensuring the health care providers meet requirements for submitting health care claims” simply does not explain why a person of skill in the art would look specifically to combine the loan auditing system of Acosta with Dart to arrive at the invention of claim 7. *See* January 1, 2005 Office action at 10. Acosta is not concerned with requirements for submitting health care claims, and Dart is clearly not related to auditing sample subsets of loans. Furthermore, there is no reasonable expectation of success in combining a loan auditing system with an E & M healthcare code auditing system to arrive at the invention of claim 7.

Similarly, there is no motivation or suggestion to combine Acosta with Dart to arrive at the inventions of claims 17, 19, and 20. Again, the motivation provided by the Examiner, *i.e.*, “detecting potential errors before they are submitted for billing,” does not explain why a person of skill in the art would combine the loan auditing system of Acosta with the E & M healthcare code

⁵ *Symbol Technologies, Inc. v. Opticon, Inc.* 935 F.2d 1569, 1576, 19 USPQ2d 1241 (Fed. Cir. 1991).

auditing system of Dart. Acosta is not concerned with detecting errors for billing purposes, and Dart clearly is not related to auditing sample subsets of loans. Furthermore, there is no reasonable expectation of success in combining a loan auditing system with an E & M healthcare code auditing system to arrive at the invention of claims 17, 19, and 20.

For all of the above reasons, the Applicant respectfully submits that claims 7, 17, 19, and 20 are not obvious over Acosta in view of Dart and that claims 7, 17, 19, and 20 are in condition for allowance.

The Applicant now turns to the rejection of claims 9-10 and 22-25 as being unpatentable over Acosta in view of Dart. These rejections are respectfully traversed.

First, with respect to claim 9, and claims 10 and 22-25, which depends from claim 9, neither Acosta, nor Dart, teaches or suggests “using errors from said data mining step to create flowcharts for the fields of the process” or “creating a case management tool . . . from the flowcharts.” A flow chart is a “diagram that shows step-by-step progression through a procedure or system esp. using connecting lines and a set of conventional symbols.” *See* Ex. A, Merriam-Webster’s Collegiate Dictionary, 10th Ed., 2001, at 447. While Acosta discloses that “exception rates, trends, root causes of exceptions analysis . . . can be automatically put in report form. 21 and reported to management,” the reports, as disclosed in Acosta and shown in Figs. 5 and 6, are clearly not flowcharts showing a step-by-step progression, but rather are simply graphs of exceptions. *See* Acosta at 9:11-13, Figs. 5 and 6. Therefore, Acosta does not teach, nor suggest, using errors from data mining to create flowcharts. Furthermore, because Acosta does not teach or suggest creating flowcharts, Acosta does not teach nor suggest using flowcharts to create a

case management tool. Likewise, Dart does not teach, nor suggest, these limitations. Therefore, the combination of Acosta and Dart does not teach all the limitations of claims 9, 10, and 22-25, and thus claims 9, 10, and 22-25 are not obvious over Acosta in view of Dart.

Furthermore, in order to establish a *prima facie* case of obviousness, there must be some suggestion or motivation, either in the references themselves or in the knowledge generally available to one of ordinary skill in the art, to modify the reference or combine the teachings and there must be a reasonable expectation of success. The law is well settled that “obviousness cannot be established by combining the teachings of the prior art to produce the claimed invention, absent some teaching or suggestion or incentive to do so.”⁶ It is not permissible to pick and choose among the individual elements of assorted prior art references to re-create the claimed invention, but rather “some teaching or suggestion in the references to support their use in the particular claimed combination” is needed.⁷

The Applicant respectfully submits that there is no such motivation to combine Acosta with Dart to arrive at the inventions of claims 9, 10, and 22-25. Acosta is related to a computer assisted method of auditing loan portfolios while Dart is related to the arcane subject matter of using a computer to audit Evaluation and Management CPT coding for healthcare prior to billing. There is simply no motivation or suggestion in either reference to combine a loan auditing system with an E & M healthcare code auditing system to arrive at the inventions of claims 9, 10, and 22-25. The motivation provided by the Examiner, *i.e.*, “detecting potential errors before they are submitted for

⁶ *ACS Hospital Systems, Inc. v. Montfiore Hospital*, 732 F.2d 1572, 1577, 221 USPQ 929 (Fed. Cir. 1984).

⁷ *Symbol Technologies, Inc. v. Opticon, Inc.* 935 F.2d 1569, 1576, 19 USPQ2d 1241 (Fed. Cir. 1991).

billing” does not explain why a person of skill in the art would combine the loan auditing system of Acosta with the E & M healthcare code auditing system of Dart. January 5, 2006 Office Action at p. 12. Acosta is not concerned with detecting errors for billing purposes, and Dart clearly is not related to auditing sample subsets of loans. Furthermore, there is no reasonable expectation of success in combining a loan auditing system with an E & M healthcare code auditing system to arrive at the inventions of claims 9, 10, and 22-25.

Furthermore, with respect to claim 22, neither Acosta nor Dart teaches or suggests establishing a specification code for each function of the business. As discussed above, Acosta only discloses audit types which include sets of questions related to loans. Acosta at 4:7-60. Each audit type is used periodically and over different periods of times with more than one loan. *Id.* Each audit type of Acosta is not a code, but a series of questions related to a type of loan. Furthermore, the audit types are not unique codes that are each established for each individual and different function of the business, but rather each audit type is repeatedly used over and over to evaluate multiple loans that fall within a category of loans. Thus, Acosta does not teach, nor suggest establishing a specification code for each function of the business. Dart also fails to teach or suggest this limitation. Therefore, the combination of Acosta and Dart does not teach all the limitations of claim 22, and thus claim 22 is not obvious over Acosta in view of Dart.

With respect to claim 23, neither Acosta nor Dart teaches or suggests “redefining the specification code.” Again, Acosta discloses audit types of questions for loans, not specification codes, and therefore, Acosta does not teach or suggest redefining specification codes. Furthermore, Acosta does not teach updating the audit types as the Examiner asserts, rather

Acosta discloses *updating the checklists*. See Acosta at 5:35-40. Dart also fails to teach or suggest redefining the specification code. Therefore, the combination of Acosta and Dart does not teach or suggest all the limitations of claim 23, and thus claim 23 is not obvious over Acosta in view of Dart.

For at least these reasons, the Applicant respectfully submits that claims 9, 10, and 22-25 are not obvious over Acosta in view of Dart and are in condition for allowance.

The Applicant now turns to the rejection of claims 12 and 31-34 as being unpatentable over Acosta in view of Dart. These rejections are respectfully traversed.

With respect to claim 12, and claims 31-34 which depend from claim 12, neither Acosta, nor Dart, teaches or suggests “a flow chart associated with the errors mined” or “a case management tool created from the flowchart.” Again, a flow chart is a “diagram that shows step-by-step progression through a procedure or system esp. using connecting lines and a set of conventional symbols.” See Ex. A, Merriam-Webster’s Collegiate Dictionary, 10th Ed., 2001, at 447. Acosta discloses that “exception rates, trends, root causes of exceptions analysis . . . can be automatically put in report form 21 and reported to management.” Acosta at 9:11-13. The reports, as disclosed in Acosta and shown in Figs. 5 and 6, are clearly not flowcharts showing a step-by-step progression, but rather are simply graphs of exceptions. Therefore, Acosta does not teach nor suggest a flow chart associated with mined errors. Because Acosta does not teach or suggest such a flowchart, Acosta does not teach or suggest a case management tool *created from the flowchart*. Likewise, Dart does not teach, nor suggest, these limitations. Therefore, the

combination of Acosta and Dart does not teach all the limitations of claims 12 and 31-34, and thus claims 12 and 31-34 are not obvious over Acosta in view of Dart.

Furthermore, the Applicant respectfully submits that there is no motivation to combine Acosta with Dart to arrive at the inventions of claims 12 and 31-34. Acosta is related to a computer assisted method of auditing loan portfolios while Dart is related to the arcane subject matter of using a computer to audit Evaluation and Management CPT coding for healthcare prior to billing. There is simply no motivation in either reference to combine a loan auditing system with an E & M healthcare code auditing system to arrive at the inventions of claims 12 and 31-34. The motivation provided by the Examiner, *i.e.*, “detecting potential errors before they are submitted for billing” does not explain why a person of skill in the art would combine the loan auditing system of Acosta with the E & M healthcare code auditing system of Dart. January 5, 2006 Office Action at p. 13. Acosta is not concerned with detecting errors for billing purposes, and Dart clearly is not related to auditing sample subsets of loans. Furthermore, there is no reasonable expectation of success in combining a loan auditing system with an E & M healthcare code auditing system to arrive at the inventions of claims 12 and 31-34.

Furthermore, with respect to claim 31, neither Acosta nor Dart teaches or suggests “a specification code is assigned to each function of the business.” As discussed above, Acosta only discloses audit types which include sets of questions related to loans. Acosta at Abstract, 4:7-60. Each audit type is used periodically and over different periods of times with more than one loan. *Id.* Each audit type of Acosta is not a code, but a series of questions related to loans. Furthermore, the audit types are not unique codes that are each established for each individual

and different function of the business, but rather each audit type is repeatedly used over and over to evaluate multiple loans that fall within a category of loans. Thus, Acosta does not teach, nor suggest assigning a specification code for each function of the business. Dart also fails to teach or suggest this limitation. Therefore, the combination of Acosta and Dart does not teach all the limitations of claim 31, and thus claim 31 is not unpatentable over Acosta in view of Dart.

For at least these reasons, the Applicant respectfully submits that claims 12 and 31-34 are not obvious over Acosta in view of Dart and are in condition for allowance.

The Applicant now turns to the rejection of claims 21, 38 and 30 as being unpatentable over Acosta in further view of Forman. These rejections are respectfully traversed.

Forman is related to a health care information management system using a pre-existing database of medical specialty claims to profile the billing behavior of medical specialist providers. The software helps the user to determine which of the claims submitted by the providers are within accepted guidelines and industry standards. The software identifies providers who have submitted improper false claims. This is accomplished by comparing submitted claims with a database of histories of prior claims, as well as records of time accumulated data supplied by sources originating from hospitals, physicians and societies. The software incorporates unique triggers, which highlight those claims that indicate possible fraudulent submission. The system develops a profile of a provider's billing behavior and compares it to his peers. The software uses trigger filters to alert the insurance carrier if the provider's billing falls outside of a predetermined norm. Forman at Abstract.

First, for the numerous reasons discussed above, Acosta does not disclose all the

limitations of claim 4 and thus does not anticipate claim 4. Likewise, Forman does not teach or suggest these same limitations of claim 4. Thus, the combination of Acosta and Forman does not teach, nor suggest all the limitations of claim 4. Therefore, because claim 21 depends from claim 4, claim 21 is not obvious over Acosta in view of Forman.

Also, neither Acosta nor Forman teaches or suggests “collecting data records related to the care of a patient at a healthcare facility that includes records related to the patient’s medical condition” as recited in claim 21. Rather, Forman discloses “retriev[ing] and analyz[ing] reference data regarding health care procedure billing parameters.” Forman at 13:32-33. In other words, Forman is concerned only with records related to health care billing for purposes of detecting fraud. Forman at Abstract. However, Forman does not teach nor suggest collecting data records related to the patient’s *medical condition*. Records related to the billing of a patient are not the same as records related to a medical condition of a patient and therefore Forman does not teach nor suggest the limitation of collecting data records related to the care of a patient that include records related to the patient’s medical condition. Acosta also fails to teach this limitation. Therefore, the combination of Acosta and Forman does not teach all the limitations of claim 21, and thus claim 21 is not obvious over Acosta in view of Forman.

Second, for the numerous reasons discussed above, Acosta does not disclose all the limitations of claim 11 and thus does not anticipate claim 11. Likewise, Forman does not teach or suggest these same limitations of claim 11. Thus, the combination of Acosta and Forman does not teach, nor suggest all the limitations of claim 11. Therefore, because claims 28 and 30 depend from claim 11, claims 28 and 30 are not obvious over Acosta in view of Forman.

Also, neither Acosta nor Forman teaches or suggests “the information stored in the database includes records related to the patient’s medical condition” as recited in claim 30. Rather, Forman discloses “retriev[ing] and analyz[ing] reference data regarding health care procedure billing parameters.” Forman at 13:32-33. In other words, Forman is concerned only with records related to health care billing for purposes of detecting fraud. Forman at Abstract. However, Forman does not teach nor suggest storing information related to the patient’s *medical condition*. Records related to the billing of a patient are not the same as records related to a medical condition of a patient, and therefore Forman does not teach nor suggest the limitation of information stored in the database including records related to the patient’s medical condition. Acosta also fails to teach this limitation. Therefore, the combination of Acosta and Forman does not teach all the limitations of claim 30, and thus claim 30 is not obvious over Acosta in view of Forman.

Furthermore, in order to establish a *prima facie* case of obviousness, there must be some suggestion or motivation, either in the references themselves or in the knowledge generally available to one of ordinary skill in the art, to modify the reference or combine the teachings and there must be a reasonable expectation of success. The law is well settled that “obviousness cannot be established by combining the teachings of the prior art to produce the claimed invention, absent some teaching or suggestion or incentive to do so.”⁸ It is not permissible to pick and choose among the individual elements of assorted prior art references to re-create the claimed invention, but rather “some teaching or suggestion in the references to support their use

⁸ *ACS Hospital Systems, Inc. v. Montfiore Hospital*, 732 F.2d 1572, 1577, 221 USPQ 929 (Fed. Cir. 1984).

in the particular claimed combination” is needed.⁹

The Applicant respectfully submits that there is no such motivation to combine Acosta with Forman to arrive at the inventions of claims 21, 28, and 30. Acosta is related to a computer assisted method of auditing loan portfolios while Forman is related to the arcane subject matter of monitoring fraud in billing by medical specialists. There is simply no motivation or suggestion in either reference to combine a loan auditing system with a system for monitoring healthcare billing fraud to arrive at the inventions of claims 21, 28, and 30. The motivation provided by the Examiner, *i.e.*, “detecting fraudulent billing” does not explain why a person of skill in the art would combine the loan auditing system of Acosta with the fraud monitoring system of Forman. January 5, 2006 Office Action at p. 15. Acosta is not concerned with detecting fraud in healthcare bills, and Forman clearly is not related to auditing sample subsets of loans. Furthermore, there is no reasonable expectation of success in combining a loan auditing system with a healthcare fraud monitoring system to arrive at the inventions of claims 21, 28, and 30.

For at least these reasons, the Applicant respectfully submits that claims 21, 28, and 30 are not obvious over Acosta in view of Dart and are in condition for allowance.

Conclusion

Should anything remain in order to place the present application in condition for allowance, the Examiner is kindly invited to contact the undersigned at the telephone number listed below. If the Examiner has any questions or the Applicant can be of any assistance, the

⁹ *Symbol Technologies, Inc. v. Opticon, Inc.* 935 F.2d 1569, 1576, 19 USPQ2d 1241 (Fed. Cir. 1991).

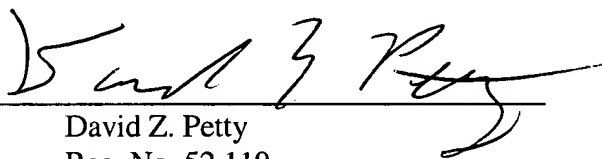
Examiner is invited to contact the Applicant. The Commissioner is authorized to charge any necessary fees or credit any overpayment to Deposit Account 13-0017.

Respectfully submitted,

McANDREWS, HELD & MALLOY, LTD.

Date: March 3, 2006

By:

A handwritten signature in black ink, appearing to read "David Z. Petty", is written over a horizontal line.

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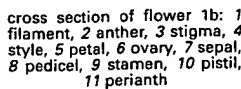
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